

Kansas Department of  
Social and Rehabilitation Services  
Don Jordan, Secretary



Joint Committee on State Building Construction

March 13, 2008

Unspent 2002N Bonds

Disability & Behavioral Health Services

Ray Dalton, Deputy Secretary

For Additional Information Contact:  
Dustin Hardison, Director of Public Policy  
Patrick Woods, Director of Governmental Affairs  
Docking State Office Building, 6<sup>th</sup> Floor North  
(785) 296-3271

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Chairman Umbarger and members of the Committee, I am Ray Dalton, Deputy Secretary of Social and Rehabilitation Services for the Division of Disability and Behavioral Health Services. Thank you for the opportunity to appear before you today. We have good news to report to the Committee. This year we will complete all of the construction projects for the new State Security Hospital (Isaac Ray) at Larned State Hospital, leaving a cash balance of \$2.2 million.

Besides good project management, there were two primary reasons costs came in under our projections. The first change was to go with pre-cast concrete panels for the majority of exterior walls in lieu of constructing masonry walls, due to concerns about a shortage of masons in the area. The second change we made was not to raise the roof area over the day halls in each of the nine living units as this was going to add cost.

Projects of this size and complexity are hard to estimate as you are not sure what the market will be each time you go out for bids. The funds for this new project came from the sale of \$50 million in bonds through the Kansas Development Finance Authority (KDFA). We had originally planned on using any unspent balance to pay down the principal. We have been advised by KDFA staff **that in accordance with the bond covenants and tax guidelines applicable to tax-exempt municipal bonds** we should first use the remaining balance for other construction projects at Larned State Hospital. However, before we proceed, we wanted to review our plans with the Committee. In the FY 2009 SRS Capital Improvement request for Larned State Hospital we have identified a list of critical projects we plan to use the funds for and they are listed on the attachment. Also, we have included a revised FY 2009 capital improvement plan reflecting what changes were made.

I would be happy to answer any questions from the Committee.

**ATTACHMENT: TESTIMONY FOR JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION**

Listed below are Larned State Hospital FY 2009 capital improvement projects we plan to do with the balance of bond funds from the New State Security Hospital (Issac Ray):

**{1ST PRIORITY INSTITUTIONS REHABILITATION AND REPAIR PROJECTS**

|           |  |               |
|-----------|--|---------------|
| 1         | In Power Plant Replace Water Softeners   | \$ 136,500.00 |
| 2         | In Power Plant Install New Blowdown Tank for Boilers   | \$ 41,600.00  |
| 3         | Upgrade chlorinating system, pumps and filtering system in AT building swimming pool                   | \$ 125,600.00 |
| 4         | In Laundry Replace 200 lb. Dryer With 400 lb. Dryer to Address Increase in SPTP, SSH & LJCF Population | \$ 78,800.00  |
| SUB-TOTAL |  | \$ 382,500.00 |

**{ 2ND PRIORITY MAJOR REHABILITATION AND REPAIR PROJECTS**

|       |  |                 |
|-------|--|-----------------|
| 5     | Replace Low Pressure Steam Distribution Line in Tunnel to High Pressure Steam Line, The Low Pressure Steam Line Starts at Power Plant ( The steam lines are over 50 years old) | \$ 1,842,500.00 |
| TOTAL |  | \$ 2,225,000.00 |

Listed below is the revised SRS FY 2009 Capital Improvement Plan reflecting the above changes.

| SRS PRIORITY NUMBER | PROJECT TITLE  | FY2009 FUNDS REQUESTED | LESS PROPOSED FUNDING FROM LSH BOND FUND | SRS REVISED FY09 REQUEST |
|---------------------|--|------------------------|--|--------------------------|
| S-1                 | Institutions Rehab & Repair (1st Priority) LSH, OSH, RMHF, PSH&TC, & KNI       | \$ 3,496,500.00        | \$ (382,500.00)                          | \$ 3,114,000.00          |
| S-2                 | Institutions Major Rehab & Repair (2nd Priority) LSH, OSH, RMHF, PSH&TC, & KNI | \$ 8,890,380.00        | \$ (1,842,500.00)                        | \$ 7,047,880.00          |
| TOTAL               |  | \$ 12,386,880.00       | \$ (2,225,000.00)                        | \$ 10,161,880.00         |

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